

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary						FTE Position Summary				
Fund	2014-15 Adjusted Base	Request		2015-17 Change Over Base Year Doubled		2014-15	Request		2016-17 Over 2014-15	
		2015-16	2016-17	Amount	%		2015-16	2016-17	Number	%
GPR	\$1,142,371,800	\$1,190,116,900	\$1,227,547,300	\$132,920,600	5.8%	18,432.76	18,432.76	18,432.76	0.00	0.0%
FED	1,814,125,200	1,814,125,200	1,814,125,200	0	0.0	5,583.63	5,583.63	5,583.63	0.00	0.0
PR	3,024,082,200	3,107,927,300	3,107,517,300	167,280,200	2.8	10,914.07	10,915.07	10,915.07	1.00	0.0
SEG	<u>34,512,300</u>	<u>34,512,300</u>	<u>34,512,300</u>	<u>0</u>	0.0	<u>169.25</u>	<u>169.25</u>	<u>169.25</u>	<u>0.00</u>	0.0
TOTAL	\$6,015,091,500	\$6,146,681,700	\$6,183,702,100	\$300,200,800	2.5%	35,099.71	35,100.71	35,100.71	1.00	0.0%

Major Request Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$35,986,000
PR	<u>14,491,600</u>
Total	\$50,477,600

Request adjustments to the base budget of \$17,977,800 GPR in 2015-16 and \$18,008,200 GPR in 2016-17 and \$7,245,800 PR annually for: (a) full funding of continuing position salaries and fringe benefits (\$17,949,200 GPR and \$7,245,800 PR annually); and (b) full funding of lease and directed moves costs (\$28,600 GPR in 2015-16 and \$59,000 GPR in 2016-17).

2. COMPETITIVE GRANT PROGRAM

GPR	\$30,000,000
-----	--------------

Request \$30,000,000 in 2016-17 to create a competitive grant program for UW institutions. UW institutions would be eligible to apply for funds through this program to support the following activities: (a) programs that would increase the number of bachelor's, master's, professional, and doctoral degrees awarded in fields for which occupational demand is high or that involve applied research; (b) programs that increase the number of opportunities available for undergraduate and graduate students to gain work experience through internships, cooperative work programs, and other job opportunities, and to increase awareness of these opportunities; (c) programs that attract and retain undergraduate and graduate students in degree fields where there is high entrepreneurial potential; and (d) programs that recruit and retain faculty to ensure institutions have the capacity to educate the graduates needed in high-demand occupations. Grants awarded through the program would be base-building for the institutions and priority would be given to applications that show a high degree of collaboration and involvement from local, regional, and Wisconsin businesses, government, and community partners.

A similar competitive grant program was created in 2013 Act 20 for UW institutions known as the incentive grant program. Through the incentive grant program, UW institutions could apply for funding to support programs in any of eight categories including: (a) programs that would increase the number of degrees granted in fields for which the occupational demand is high or in fields that are jointly determined to be high-demand fields by the Department of Workforce Development and the Board of Regents; and (b) programs that would increase the number of opportunities available to students to gain work experience in their fields through internships or cooperative work experiences. The Board of Regents was required to allocate \$11,250,000 in each year of the biennium from its program revenue appropriation for general program operations to fund the incentive grant program. Act 20 also specified that grants awarded through the incentive grant program would not be base-building for the institutions.

3. FUND TUITION PORTION OF 2013-15 PAY PLAN

GPR	\$27,300,000
-----	--------------

Request \$27,300,000 beginning in 2016-17 to fund the tuition portion of salary increases approved by the Joint Committee on Employment Relations (JCOER) and increases in fringe benefit costs that occurred during the 2013-15 biennium.

In June, 2013, JCOER approved 1% annual pay increases for UW employees during the 2013-15 biennium and a \$0.25 wage increase for all employees earning less than \$15 an hour. State general purpose revenue (GPR) funds were provided to fund 41% of the cost of these salary increases and increases in fringe benefit costs in 2013-14. The remainder of these costs are funded by UW institutions using a combination of other revenues, including tuition, auxiliary, general operations, and federal revenues, based on the proportion of the payroll costs that are funded with those revenues. In previous biennia, the UW Board of Regents has increased tuition to generate revenues to fund the tuition portion of the JCOER-approved pay plan and increases in fringe benefit costs. Because the Regents were prohibited by law from increasing tuition for resident undergraduate students during the 2013-15 biennium and froze tuition for all other students in that biennium, UW institutions were unable to generate additional tuition revenues to fund the tuition portion of salary and fringe benefit cost increases. UW institutions have funded the tuition portion of these cost increases during 2013-14 and 2014-15 using base operating funds and fund balances and, under this proposal, would continue to do so in 2015-16.

4. ECONOMIC DEVELOPMENT INCENTIVE GRANT PROGRAM

GPR	\$22,500,000
-----	--------------

Request \$22,500,000 in 2015-16 to continue the incentive grant program created by 2013 Act 20 with an enhanced focus on economic development. The funding requested would be used to award grants on a competitive basis to UW institutions to support programs that would do one of the following: (a) encourage the establishment or growth of businesses in Wisconsin, or create or retain jobs in Wisconsin; (b) increase or enhance research and development activities with a focus on those that lead to commercialization of products; and (c) provide financial and material support for UW faculty and students engaged in entrepreneurial activities. Consistent with grants awarded during the 2013-15 biennium, grants would not be base-building but may be

awarded for a period of up to three years. Under the proposal, the UW System would report on program budgets, goals, and outcomes annually.

Through the 2013-15 incentive grant program UW institutions could apply for funds to support programs in three broad categories: (a) economic development programs; (b) programs that have as their objective the development of an educated and skilled workforce; and (c) programs to approve the affordability of postsecondary education for resident undergraduates. Eligible economic development programs were defined as those that either: (a) had the primary purpose of encouraging the establishment and growth of business in this state, including the creation and retention of jobs; or (b) received funding through the state or federal government through state appropriations and provide financial assistance, tax benefits, or direct services to specific industries, businesses, local governments, or organizations. The Board of Regents transferred \$11,250,000 in each year of the biennium from tuition revenue balances to fund the incentive grant program. Act 20 also specified that grants awarded through the incentive grant program would not be base-building for the institutions but may be awarded for a period of up to three years. The Board of Regents and the UW-Madison Chancellor were also required to include the goals, results, and budget for each program that was awarded funds through the incentive grant program and a summary of this information in the annual accountability reports submitted to the Governor and Legislature.

5. COURSE OPTIONS AND OTHER PROGRAMS

GPR	\$15,400,000
-----	--------------

Request \$6,400,000 in 2015-16 and \$9,000,000 in 2016-17 to fund: (a) the course options program, which allows high school students to earn college credits at no cost to the student (\$3,600,000 in 2015-16 and \$5,400,000 in 2016-17); (b) pilot programs in remedial education and the implementation of those programs found to be most successful (\$1,000,000 annually); (c) participation in the National Student Clearinghouse program to identify transfer students who may be eligible for degrees, subscriptions to and licenses for services to identify transfer opportunities and career paths for students, and improvements to the web-based transfer information system (TIS) (\$1,000,000 annually); (d) UW Flexible Option core program operations (\$700,000 in 2016-17); (e) the creation of the talent market, an online resource which would connect Wisconsin businesses and students graduating from UW institutions (\$500,000 annually); and (f) programs to support low-income, first-generation, and traditionally-underrepresented students and to prepare all students for success in a diverse culture and workplace (\$300,000 in 2015-16 and \$400,000 in 2016-17).

6. ADJUST GENERAL PROGRAM OPERATIONS APPROPRIATION TO REFLECT INCREASES IN TUITION REVENUES

PR	\$151,599,000
----	---------------

Request additional expenditure authority of \$75,799,500 annually to reflect increases in tuition revenue during the 2012-13 and 2013-14 fiscal years. The increase in tuition revenue is attributable to: (a) enrollment increases (\$43,003,200); (b) increases in revenues generated by self-supporting programs (\$16,712,400); and (c) differential tuition increases implemented prior to the 2013-14 year (\$16,083,900). Tuition revenues are deposited in the UW System's program

revenue (PR) general program operations appropriation which is an "all moneys received" appropriation, meaning that all revenues may be spent regardless of the amount shown in the appropriation schedule.

7. AUTHORITY TO GRANT MERIT COMPENSATION ADJUSTMENTS

Request statutory language changes to permit the Board of Regents to grant salary increases to recognize merit to UW employees using base funding.

Under current law, UW employees who are members of the state classified service may be awarded salary increases to recognize merit. UW senior executives, administrators, faculty, and academic staff may not be awarded salary increases to recognize merit unless the compensation plan for those employees approved by the Joint Committee on Employment Relations (JCOER) permits such adjustments.

On July 1, 2015, the UW System and UW-Madison will implement two new personnel systems, one for all UW-Madison employees and one for all other UW System employees. Those personnel systems would apply to all UW employees including senior executives, administrators, faculty, academic staff, and employees who are currently members of the state classified service. After that date, JCOER would approve compensation plans for all UW employees and no UW employees could be awarded salary increases to recognize merit unless those compensation plans permit such adjustments.

8. AUTHORITY TO APPROVE COMPENSATION PLANS

Request that the Board of Regents and the UW-Madison Chancellor be granted the authority to approve compensation plans for all UW employees. This would include the authority to establish and adjust pay ranges, assign employees to pay ranges, and grant compensation adjustments on the basis of merit, market, and equity beyond the general wage adjustments included in the state's compensation plan. Under the proposal, the UW System would continue to receive funding for general wage adjustments and fringe benefit costs approved by the Joint Committee on Employment Relations (JCOER) from the state's compensation reserve and UW employees would continue to participate in the state's supplemental health insurance credit conversion (SHICC) program.

Under current law, the Board of Regents submits a recommendation for compensation and benefits adjustments for UW senior executives, administrators, faculty, and academic staff to the Director of the Office of State Employment Relations (OSER). The OSER Director subsequently submits a proposal for adjusting compensation and benefits for those UW employees to JCOER for approval. The proposal may include across-the-board pay adjustments and pay adjustments to recognize merit or other factors.

On July 1, 2015, the UW System and UW-Madison will implement two new personnel systems, one for all UW-Madison employees and one for all other UW System employees, that are separate and distinct from the state personnel system. These personnel systems, which were

approved by JCOER in April, 2014, would apply to all UW employees including faculty, academic staff, and employees who are currently members of the state classified service. After that date, Board of Regents and the UW-Madison Chancellor would submit recommendations for compensation and benefits adjustments for all UW employees to the OSER Director. The OSER Director would then submit a proposal for adjusting compensation and benefits for all UW employees to JCOER for approval. As under current law, the proposal could include across-the-board pay adjustments and pay adjustments to recognize merit or other factors.

The accumulated sick leave credit conversion program allows retired state employees to convert unused sick leave credits that can be used to pay insurance premiums during retirement. Through the SHICC program, the state matches sick leave credits for retired state employees with 15 years or more of continuous state service.

9. ELIMINATE APPROVAL OF STUDENT-FEE FUNDED AUXILIARY RESERVES BY JFC AND DOA

Request that UW institutions be permitted to accumulate student fee-funded reserve funds in excess of 15% of the previous fiscal year's revenues from student segregated fees and student fee-funded auxiliary operations without prior approval from the Secretary of the Department of Administration (DOA) and the Joint Committee on Finance. Information related to auxiliary balances will continue to be reported in the UW System's new, annual report on program revenue balances.

Under current law, the Board of Regents may not accumulate student fee-funded auxiliary reserve funds for any institution of more than 15% of the previous year's revenues from student segregated fees and student fee-funded auxiliary operations unless approved by the DOA Secretary and the Joint Committee on Finance. Requests for such approval must be submitted by September 15 of the fiscal year in which reserve funds are expected to exceed the 15% threshold and must include a plan specifying the amount of reserve funds that would be accumulated and the purposes for which the reserve funds would be applied.

As recommended by the Joint Legislative Audit Committee in April, 2014, and approved by the Joint Committee on Finance in May, 2014, the Board of Regents is required to submit a report to both Committees on the level of program revenue balances by October 15 of each year. This report includes the dollar amount of auxiliary operations balances as of June 30 of the previous fiscal year and those balances as a percentage of total auxiliary operations expenditures in the previous year for each UW institution. If the auxiliary operations balance as a percentage of expenditures exceeds 12%, the institution must justify the balance by reporting the specific projects or initiatives for which the funds are being held, the amount of funds held for each project or initiative, the total amount of program revenue funds the institution plans to accumulate for the project or initiative, the total amount of funds expected to be expended on each project or initiative, and the timeframe in which those funds will be expended. These justifications must be approved by the Board of Regents.

10. MODIFY THE REPORT ON FEES

Request that the language requiring the Board of Regents to submit a report listing all fees charged to students to the Joint Committee on Finance and the Joint Legislative Audit Committee annually by October 15 be changed such that: (1) the Board would be required to list only tuition and segregated fees; and (2) the Board would be required to submit the report by December 15 of each year. Under current law, the fees reported include academic fees, tuition, segregated fees, and any other fees charged to students.

11. VETERINARY DIAGNOSTIC LABORATORY

GPR	\$1,734,600
-----	-------------

Request \$867,300 annually to: (a) fund salary increases required by the state compensation plan and associated fringe benefit costs for entry-level chemist and microbiologist positions (\$427,900 annually); (b) fund promotions for professional staff members who also hold faculty positions (\$150,300 annually); and (c) fill five vacant positions (\$289,100 annually).

The Veterinary Diagnostic Laboratory (VDL), which is attached to UW-Madison, provides laboratory testing services to Wisconsin's animal agriculture industry. VDL was transferred from the Department of Agriculture, Trade, and Consumer Protection (DATCP) to UW-Madison on July 1, 2000. According to the agency budget request, VDL received additional funding to pay for salary increases required under the state compensation plan for entry-level chemists and microbiologists when the lab was a component of DATCP but has not received funds to cover these costs since the transfer to UW-Madison. These salary increases, which occur in steps over a three-year period, amount to an annual salary increase of \$10,914 per position. Similarly, the cost of faculty promotions was not accounted for in the transfer of the lab from DATCP to UW-Madison. VDL professional staff members who also hold faculty appointments are generally promoted from the assistant to associate rank and from the associate to full rank over a period of 11 years resulting in a salary increase. VDL has reallocated funding from its base budget to fund the cost of these salary increases and faculty positions resulting in a number of vacant positions. If this request is approved, VDL would fill nine of those positions along with an additional five positions for which it is requesting funding. A total of 14 vacant positions would be filled including: (a) 2.0 scientists to initiate and maintain a metagenomics program; (b) 1.0 outreach coordinator to work with the bull semen industry; (c) 1.0 business services manager; (d) 5.0 microbiologists who would perform diagnostic work; (e) 2.0 microbiologists who would be dedicated to test development and improvement; (f) 1.0 client services supervisor; (g) 1.0 IT specialist to improve the website and service to submitters and assist with the quality management system; and (h) 1.0 poultry specialist.

12. STATE LABORATORY OF HYGIENE -- OWI TESTING

	Funding	Positions
PR	\$1,189,500	1.00

Request \$799,800 in 2015-16 and \$389,800 in 2016-17 and 1.0 position beginning in 2015-16 for the State Laboratory of Hygiene's forensic toxicology unit. The funding and position requested would be used to: (a) make 2.0 two-year project positions authorized by 2013 Act 20 permanent (\$137,800 annually); (b) hire an additional 1.0 analytical chemist (\$68,000

annually); and (c) purchase a mass spectrometer, rent laboratory space, fund equipment maintenance, and purchase testing supplies (\$594,000 in 2015-16 and \$184,000 in 2016-17).

The State Laboratory of Hygiene's forensic toxicology unit tests blood samples collected by law enforcement in operating while impaired (OWI) cases for the presence of alcohol and other drugs. According to the request, the forensic toxicology lab conducts approximately 20,000 tests for alcohol and 4,000 tests for other drugs annually. This testing is funded by revenues generated from the driver improvement surcharge that is charged to persons convicted of OWI offenses.